

**MINUTES OF THE
RETIREMENT AND INDEPENDENT ENTITIES COMMITTEE**
Wednesday, September 9, 2009 – 9:00 a.m. – Room 30 House Building

Members Present:

Sen. Daniel R. Liljenquist, Senate Chair
Rep. Melvin R. Brown, House Chair
Sen. Curtis S. Bramble
Sen. D. Chris Butters
Sen. Gene Davis
Sen. Brent H. Goodfellow
Sen. Jon J. Greiner
Rep. Susan Duckworth
Rep. Neil A. Hansen
Rep. Wayne A. Harper
Rep. Bradley G. Last
Rep. Merlynn T. Newbold
Rep. Christine F. Watkins

Members Absent:

Rep. Bradley M. Daw
Rep. Stephen E. Sandstrom

Staff Present:

Mr. Benjamin N. Christensen, Policy Analyst
Mr. Dee S Larsen, Associate General Counsel
Ms. Shannon C. Halverson, Associate General Counsel
Ms. Glenda S. Whitney, Legislative Secretary

Note: A list of others present, a copy of related materials, and an audio recording of the meeting can be found at www.le.utah.gov.

1. Committee Business

Chair Liljenquist called the meeting to order at 9:05 a.m.

MOTION: Sen. Greiner moved to approve the minutes of the November 13, 2007 and March 5, 2009 meetings. The motion passed unanimously. Sen. Bramble, Sen. Davis, Rep. Harper, and Rep. Newbold were absent for the vote.

2. Utah State Retirement Systems - Overview of History and Purposes, and Defined Benefit Plans

Mr. Christensen and Ms. Halverson distributed a copy of the presentation "Utah State Retirement Systems Overview." They presented a historical overview on the retirement systems and briefed the Committee on retirement provisions, who participates in the retirement systems, and how the systems are funded.

Mr. J. Daniel Schoenfeld, Legislative Fiscal Analyst, gave an overview on the state's perspective with retirement contributions and budget.

Mr. Christensen distributed a handout "Utah Retirement Defined Benefit Summary - System Comparison."

3. Utah State Retirement Systems - Trust Fund Financial Status - Investment Strategies - Contribution Rates

Mr. Robert V. Newman, Executive Director, Utah State Retirement Systems, distributed a handout, "Retirement and Independent Entities Committee - Retirement Presentation" and briefed the Committee

on the financial status of the retirement funds. He gave an overview on: 1) what has happened to funding levels in recent years; 2) how funds are invested; and 3) what is projected for future contribution rates.

Mr. Bruce H. Cundick, Chief Investment Officer, Utah State Retirement Systems, distributed a handout, "Utah Retirement Systems" and gave a brief overview on investment portfolios on equity markets and reviewed the target asset allocation from 2004 to 2009.

Break - Chair Liljenquist recessed the Committee at 10:36 a.m. and reconvened at 10:55 a.m. He asked public safety officers and firefighters in the audience to stand and be recognized and thanked them for attending the meeting.

4. Actuarial Perspective of the Utah State Retirement Systems

Mr. Chris Conradi, Senior Consultant, and Mr. Lewis Ward, Consultant, Gabriel, Roeder, Smith & Company, distributed a copy of the presentation, "Actuarial Perspective of the Utah State Retirement Systems" and briefed the Committee on the role of an actuary and its funding. They gave an overview on: 1) how Utah compares to other states on benefits and financial solvency; 2) what trends are emerging; and 3) how should the state respond to current financial circumstances.

Lunch Break - Chair Liljenquist recessed the Committee at 12:15 p.m. and reconvened at 1:17 p.m. Lunch was provided for committee members and committee staff.

5. Retirement System Key Issues and Reform Options

Chair Liljenquist took comments and recommendations from the following:

Mr. Jeff Herring, Executive Director, and Mr. Conroy Wipple, Department of Human Resource Management, distributed and reviewed a handout "Workforce Planning Considerations." Mr. Herring presented data on educational levels of executive branch employees and briefed the committee on retirement projections.

Mr. Lincoln Shurtz, Utah League of Cities and Towns, and Mr. Tom Hardy, Bountiful City, distributed and reviewed a handout "The Contributory Options with Smoothing." They discussed guiding principles to evaluate and proposed policy recommendations on contributory options. The recommendations included having employees make retirement contributions when the contribution rates exceed current levels.

Ms. Sheri Watters, Utah Public Employee Association, Vice Chair, Utah Retirement Systems Membership Council, and Officer Michael Galieti, Cotton Heights Police Department, Chair, Utah Retirement Systems Membership Council, discussed the makeup of the Membership Council and reported on its recommendations. Officer Galieti said there is no consensus as to what changes, if any, should be made. He noted that the Utah Retirement System is not broken and does not need to be fixed at this time. The Membership Council cannot recommend or endorse any change to the Utah Retirement System which reduces benefits to participating individuals or increases the costs to participating individuals.

Officer Chris Burbank, Police Chief, Salt Lake City Police Department, expressed concern with making changes to the Utah Retirement System. He noted that they would like to participate in the process and have input on the decisions regarding their retirement.

Mr. Kelly Atkinson, Cops United for Retirement Equity (CURE), and Officer Brent Jex, Utah Fraternal Order of Police, suggested that the committee take a look at the long term issue and spoke in support of making retirement financially sound. Mr. Jex asked that the committee not take away their retirement.

Mr. Adam Trupp, Utah Association of Counties, noted working with the Membership Council and he spoke in support of moving toward a contributory system in the short term.

Mr. Terry Keefe, Chief of Police, Layton Police Department, and Mr. Frank Budd, Executive Director, Utah Chief of Police Association, suggested the committee continue to study the options presented but recognize the difficulties faced by all communities in the state, especially the smaller cities, in attracting and retaining quality employees.

6. Other Committee Business

Chair Liljenquist recognized and thanked Mr. Dee Larsen who will be leaving the Office of Legislative Research and General Counsel and who has staffed the Retirement and Independent Entities Committee for fourteen years, as Associate General Counsel.

Chair Liljenquist noted the next Committee meeting will be tentatively scheduled on November 4, or November 11, 2009.

7. Adjourn

MOTION: Sen. Davis moved to adjourn the meeting. The motion passed unanimously. Sen. Bramble and Sen. Buttars were absent for the vote.

Chair Liljenquist adjourned the meeting at 3:03 p.m.